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RHMFISS/CDR USEUCOM VAHINGEN GE
RUEAIIA/CIA WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHDC
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RHEHNSC/NSC WASHDC

Friday, 27 April 2007, 13:51

C O N F I D E N T I A L SECTION 01 OF 03 BAKU 000522

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TAGS ENRG, PREL, PGOV, AJ

SUBJECT: AZERBAIJAN ENERGY MINISTER LIKES BP BUT WANTS MORE

LEVERAGE

REF: BAKU 463

Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)

1. (C) SUMMARY. In an April 18 conversation with the Ambassador, Energy and Industry Minister Natiq Aliyev said that GOAJ would continue its c
2. (C) On April 18 the Ambassador met with Energy and Industry Minister Natiq Aliyev to discuss future Azerbaijani gas production. EnergyOff w
3. (C) The Ambassador told Aliyev that she had talked with President Aliyev recently on energy matters (reftel). She said that in her April 16
4. (C) Energy and Industry Minister Aliyev said that he had just met with visiting BP Production and Exploration Head Andy Inglis, whom he tol
5. (C) Aliyev also said that the GOAJ had no power to compel BP to produce gas on schedule, and that BP has no strong obligation to implement
6. (C) Aliyev said that this year BP had projected that Shah Deniz would produce 5.6 bcm, but now they say "no more than" three bcm, "which me
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they are saying that there will be a second Shah Deniz well producing in May, but I don't believe them." Aliyev did grudgingly admit that offsh
7. (C) The Ambassador agreed with Aliyev that it was a difficult situation, given the GOAJ's strong desire to accelerate production and export
BP AND GOAJ COOPERATION

8. (C) Energy Minister Aliyev said that BP has large proposals for oil and gas projects in Azerbaijan. It has upgraded its estimates of oil re
9. (C) Minister Aliyev said that in general, the GOAJ was willing to cooperate with BP on ACG PSA extension, on ACG Deep Gas, and on accelerat
BP RELUCTANT ON SD2?

10. (C) Aliyev said that given the high price of gas if nothing else, the GOAJ should accelerate gas production as much as it could. With SD2
SD2 MARKETING

11. (C) In response to the Ambassador's question about SD2 marketing, Aliyev said that he thinks this issue would be solved between Statoil ar
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12. (C) When the Ambassador tried clarifying with the Energy Minister what the USG and GOAJ can say publicly about future Azerbaijani gas expc
13. (C) In response to the Ambassador's comment that the GOAJ needs to send a clear and strong signal to Europe that Azerbaijan's will and int
NEED FOR TRANSIT REGIME

14. (C) Aliyev said that before making any decisions about gas sales, all parties involved must know the relevant information about delivery t
15. (C) COMMENT: The Energy Minister strongly underscored the GOAJ position that Azerbaijan is ready to provide as much gas possible as soon a